



The Office Of State Treasurer

Denise L. Nappier

## News

**For Immediate Release**

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### **CONNECTICUT PENSION PLANS NOMINATED FOR NATIONAL HEDGE FUND INDUSTRY AWARD**

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that the Connecticut Retirement Plans and Trust Funds (“CRPTF”) has received national recognition for the outstanding performance of its hedge fund portfolio for the past year.

In its 12<sup>th</sup> annual Hedge Fund Industry Awards, *Institutional Investor* magazine has selected the CRPTF as one of four nominees in the category of Large Public Plan of the Year. Each year, the magazine recognizes public funds that were distinguished in their innovation, achievements and contributions to the hedge fund industry over the previous year. The nominees are public plans with greater than \$15 billion in assets that demonstrated excellence in absolute return investing in 2013.

“It is an honor for Connecticut to be nominated for this prestigious award. Since our first allocation in 2011, we have made meaningful strides in the build-out of our hedge fund program, and we take seriously our obligation to achieve top-tier investment results for the benefit of the CRPTF’s 194,000 beneficiaries and Connecticut’s taxpayers.” said Treasurer Nappier.

She added, “This recognition would not have been possible were it not for the considerable efforts of the State’s independent Investment Advisory Council (“IAC”) and the fund’s external investment advisors, and the diligent work, day in and day out, of the investment professionals within the Treasury’s Pension Funds Management Division. Under unpredictable market conditions, along with resource constraints that challenge us, we have a team that never wavers in their commitment to ensuring the integrity and soundness of our investment strategy.”

Connecticut made its first allocation to hedge funds in February of 2011 after a comprehensive asset allocation and liability study. The study reflected in-depth participation and feedback from the IAC, and the results were formally incorporated into the Investment Policy Statement, the pension fund’s governing document.

Three years later, the CRPTF is reaping the rewards of the careful analysis. The hedge fund portfolio is designed to improve the CRPTF’s overall risk/return profile by generating positive absolute returns, reducing the plan’s volatility, and providing downside protection in falling markets.

Connecticut's hedge fund portfolio stood at \$1.11 billion as of December 31, 2013. The hedge fund portfolio returned 11.36 percent in 2013, net of fees, outperforming its customized benchmark by 11.29 percent during 2013, and by 4.07 percent since the program's inception. This return also meaningfully outperformed comparable industry benchmarks -- HFRI Fund Weighted Composite Index showed a 9.13 percent gain and the HFRI Fund of Funds Composite Index had a return of 8.96 percent in 2013. In addition, the level of volatility of the portfolio was lower than the public markets.

*Institutional Investor* magazine is a leading international finance publisher of two magazine editions – Americas and international – with a global circulation of 115,000. It offers a host of proprietary research and rankings that serve as industry benchmarks.

In the Large Public Plan of the Year category, consideration also is given to long-term performance and overall ability to construct and manage a hedge fund portfolio. Other nominees are the New York City Retirement System; Pennsylvania Public Schools Employees' Retirement System; and Texas County & District Retirement System.

Following the nominations, the magazine conducts a wide survey of U.S. institutional investors, including hedge fund managers, and invites them to vote for the nominees. Voting has now concluded. The winner, selected by *Institutional Investor's* editorial staff, will be announced at an awards ceremony in New York City on Thursday, June 26, 2014.

### **About the CRPTF**

The CRPTF is comprised of six State pension plans and nine State trust funds. It invests and safeguards assets held on behalf of the Teachers' Employees Retirement Fund; State Employees' Retirement Fund; Connecticut Municipal Employees' Retirement Fund; Probate Court Retirement Fund; State Judges' Retirement Fund; State's Attorneys' Retirement Fund; Soldiers' Sailors' & Marines' Fund; Endowment for the Arts; Agricultural College Fund; Ida Eaton Cotton Fund; Andrew Clark Fund; School Fund; Hopemead Fund; Police & Fireman's Survivors' Benefit Fund; and State of Connecticut Other Post-Employment Benefits Trust Fund.

For the 2013 calendar year, the State's two largest pension funds -- the Teachers' Retirement Fund and the State Employees' Retirement Fund -- generated robust investment returns, net of expenses, of 14.23 percent and 14.11 percent, respectively. In doing so, they essentially matched their benchmarks and far exceeded their actuarial investment assumptions of 8.5 percent and 8 percent, respectively.

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